

CENTRAL INTELLIGENCE AGENCY

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SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.

1. In each region, 25 to 30 cooperatives engaged in the same trade are grouped in a union. Some of them actually produce, while the others sell the product. For example, the Bucharest Textiles and Ready-to-Wear Union has 28 member cooperatives of which three to 10 are always in production, and five to 20 are used as sales units. The cooperatives are divided into three classes: "A", "B", and "C"; that is, they are first, second, or third grade, according to membership. Class "A" cooperatives are those with over 500 members; Class "B" are those with 200 to 500 members; and Class "C" are those with 25 to 200 members.
2. The applicant for membership in a cooperative must know one of the trades and be thoroughly screened by the Personnel Service. No individual who formerly employed more than four workers is accepted, unless he is known to have aided the Party while it was outlawed, or is considered to be friendly by the Party. If the candidate is accepted, he must sign a pledge to contribute 750 lei to the common fund, which is then withheld at the rate of seven to 10 per cent per month from his wages. Twenty-five per cent of the amount is paid into the partnership fund (a social fund), and 75 per cent is paid into the basic fund. Besides the amount in cash, he must also contribute all his equipment, tools, furniture, etc.
3. The value of the contribution in kind is assessed by the technical manager, the branch expert, and the chairman, always at a very low figure. If a member of a cooperative withdraws, the law gives him the right to recover the value of the assets he contributed, but in practice former members who withdrew three and four years ago have never recovered their loss. However, even if the member should be refunded the sum he was owed, the monetary reform of January 1952 established a rate of exchange of 20 to one for all debts owed by the State and its enterprises, and the conversion rate for debts owed by the State, even to employees and members of cooperatives, is 200 to one. In March-April 1953, orders were given to pay the profits to members of cooperatives for 1952 at the latter rate. The sums were so

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ridiculously small that practically all workers and members of cooperatives refused to accept them. As the same principle would apply to the value of the equipment contributed by members of cooperatives, the State gain is apparent, but even these trifling amounts were not paid.

4. The control of a cooperative is vested in a chairman, a technical chief, a chief accountant, and a planner. Under them are the following services: Accounting, Labor and Wages, Prices, Commercial, Supplies, Administration, Norms, Production, Cadre. The management of a cooperative is in the hands of a so-called Management Council, which elects its chairman. It is composed of a counselor for organization, one for cultural matters, one for sports, one for production, and the chairman. All members of the Council are actually appointed by the Union and Raion Party Committee, and no attention is directed to the desires of the members. If the suggested candidates are not elected, their appointment is simply announced the day after the meeting.
5. The organizational counselor is always a worker, usually a Party member, and substitutes for the chairman when absent. The chairman, who concerns himself with administration only, is the only paid member of the Council: the other members are workers who contribute almost nothing, as they would lose too many working hours.
6. The technical chief, another member of management who is a worker, usually is paid 750 to 1200 lei. He is a Party member and is in charge of production. He frequently knows little or nothing about the particular trade, and is chosen for his Party Loyalty and ruthlessness. The actual work is done by the technical production expert who keeps the production books, checks the quality of goods, watches over mass production, reports to the Union on fulfillment of plans, etc.
7. The chief accountant, another member of management, handles all economic and financial problems. He draws up the balance sheet every three months for the Union. He is usually well trained, is paid 900 to 1500 lei according to the importance of the cooperative, and has great responsibilities. He is the administrative head of the cooperative.
8. Lastly, the planner, is almost always a man lacking any professional qualifications, and is supposed to apportion the production and sales plans received monthly from the Union, reporting the figures to the Union and the Raion Committee. All his correspondence is marked "Secret" and is kept in a safe.
9. The Accounting Service is divided into financial accounting, materials accounting, post-calculation, and disbursing office. The employees, who carry a heavy responsibility, receive only 410 to 750 lei per month and frequently must work overtime for nothing.
10. The Labor and Wages Service has two to three employees only who figure out earnings, withholdings, sickness benefits, profits, etc.
11. The job of the Pricing Service is to calculate a tentative price, which must be then approved by the superior authorities. This takes such a long time that the product usually has had to be delivered before an answer is received. If the price suggested has been cut, the excess is withheld from wages.

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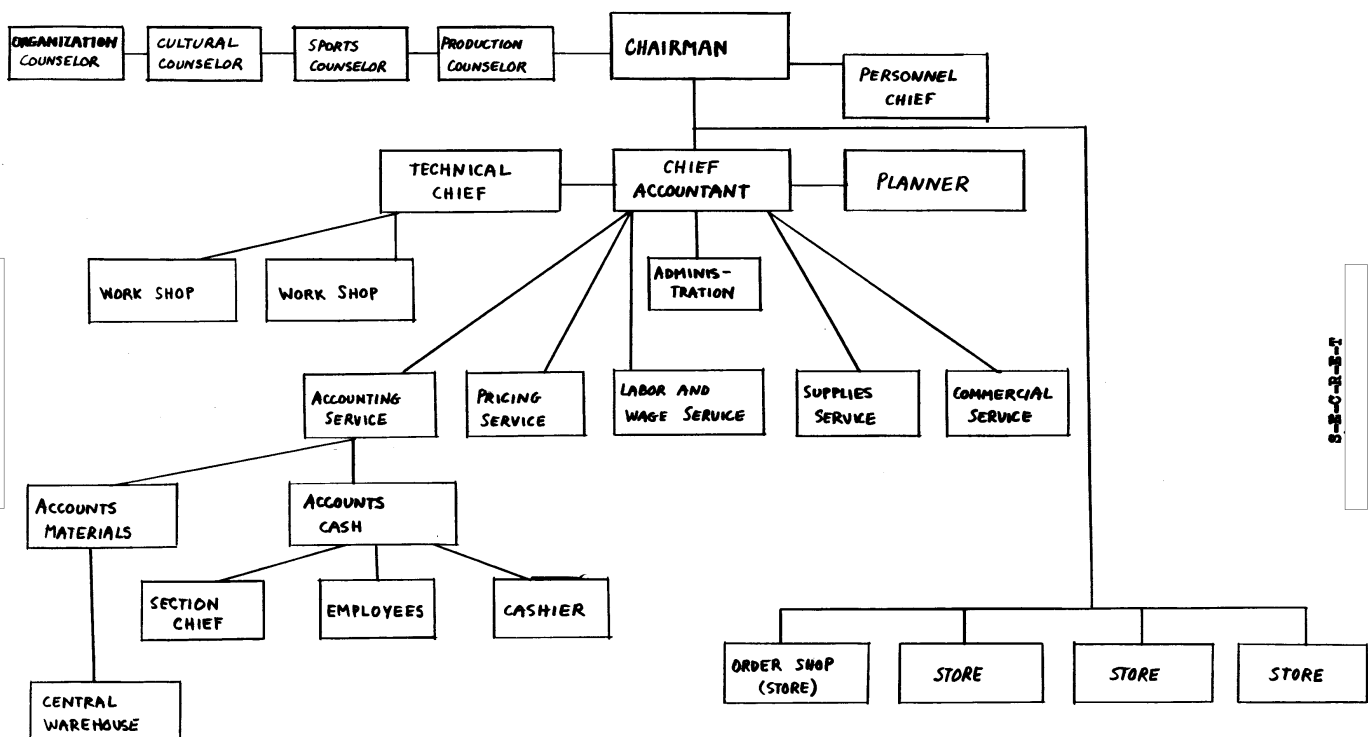
12. The Supplies Service is responsible for the allotment of supplies to the cooperatives. The bulk of materials allotted to cooperatives consist of scrap or "local resources". As a result, cooperatives are unable to work part of the time and the members are frequently unable to earn their base salary, which varies between 200 and 436 lei per month.
13. The job of the Sales Service is to sell the cooperative's output. It is usually staffed by one salesman only, with selling experience, but preferably not a former storeowner.
14. The Cadre Service keeps the files of the personnel, including a report on the social background and degree of reliability of the individual. The Cadre Chief is always a Party member and is paid 550 to 800 lei per month.
15. The norm worker is usually paid 380 to 450 lei per month. He proposes production norms, or the time needed to produce an article, which must then be approved by the Union. It is invariably lowered.
16. The contracts concluded by cooperatives with other State enterprises cannot, as a rule, be fulfilled owing to lack of materials and means of transportation. The cases are then brought before the State Arbitration Board where the cooperatives are sentenced to pay damages.
17. Prices are high and within reach of few people. Many articles such as wool yard goods, cotton materials for women's clothes, and shoes are in short supply. Articles produced by cooperatives are of poor quality and their appearance is uninviting as they are mostly manufactured from scrap material. In the window of the Progressive Shoemakers store on Soseaua Stefan Cel Mare, for instance, shoes are displayed which are made out of 100 bits of leather patched together. Cooperatives produce both for public sale and for government institutions on contract.
18. The wages of the workers are very low since they are usually paid for piece work and raw materials are frequently unavailable. Earnings average 80 to 400 lei per month and most members work at home independently in order to earn their living. At the end of 1953 and the beginning of 1954, the social origin, political beliefs, etc., of members were checked once again and many were dropped. They were not refunded their contributive shares.

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ARTISAN PRODUCER COOPERATIVES



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